

**CALIFORNIA PUBLIC EMPLOYEES' RETIREMENT SYSTEM**

**BOARD OF ADMINISTRATION**

**INVESTMENT COMMITTEE**

**March 16, 2009**

**Chief Investment Officer's**

**Consolidated Investment Activity Report**

**(January 2009 Reporting Period)**

## CalPERS Asset Allocation – January 31, 2009

### General Market Commentary

After December provided some relief for battered investors, global markets posted negative returns for the month of January. Continued concern over the credit market led the US Federal Reserve and the Bank of England to hold key interest rates steady, while the European Central Bank dropped its key rate by 50 bps to 2.00%. Crude oil prices eased slightly during the month, closing under \$42.

### Domestic and International Equities

The S&P 500 returned -8.43% in January, the first month to follow the index's worst calendar year since 1931. Small-cap stocks, as measured by the Russell 2000 Index, returned -11.12%. Large-cap growth stocks significantly outperformed large-cap value stocks for the month with growth stocks returning -4.81% versus value's return of -11.50% (as measured by the Russell 1000 Growth and Value Indexes). International equities were also down in January, with the MSCI EAFE Index returning -9.80% in dollar terms (-6.25% in local currency). Emerging markets fell -6.42% (as measured by the MSCI EM Index) during the month.

### Domestic and International Fixed Income

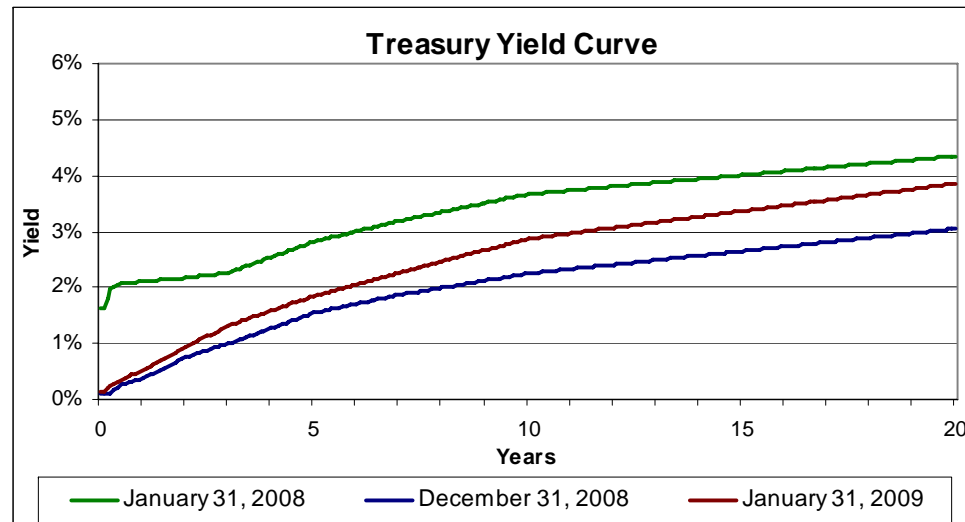
The Barclays Capital Aggregate Bond Index returned -0.88% for January, outperforming the US Treasury return of -1.47% (as measured by BC Treasury Intermediate Term Index). The BC Treasury Long Term Index returned -8.65% for the month of January. US TIPS were up 1.69% (BC US TIPS Index) during the month. The high yield bond market returned 5.31% in January, as measured by the Merrill Lynch High Yield Master II Index. International fixed income markets returned -4.69%, as measured by the Citigroup World Government Bond Index ex US (unhedged).

### Real Estate

Real estate (as measured by the MSCI US REIT Index) was negative for the month, returning -17.79% in January. The NCREIF Index of Real Estate Properties returned -6.46% for the year ended December 2008.

### Private Equity and Absolute Return Strategies

The Venture Economics All Private Equity Index returned -5.41% for the 12 months ended September 2008 and 13.06% for the 10 years ended September 2008. Absolute Return Strategies (CSFB/Tremont Hedge Fund Index) returned 1.09% in January and -16.95% for the 12 months ended January 2009.



MARKET INDICATORS	1/31/2008	Direction	12/31/2008	Direction	1/31/2009
1m LIBOR (fixed in \$)	3.14%	▼	0.44%	▼	0.42%
Federal Funds	3.00%	▼	0.00% - 0.25%	—	0.00% - 0.25%
10Y Treasury Note Yield	3.64%	▼	2.24%	▲	2.84%
30Y Treasury Bond Yield	4.35%	▼	2.69%	▲	3.60%
DJ-Wilshire 5000 Comp	13,843.25	▼	9,056.67	▼	8,305.12
S&P 500	1,378.55	▼	903.25	▼	825.88
NASDAQ Composite	2,389.86	▼	1,577.03	▼	1,476.42
FTSE 100 Index	5,879.80	▼	4,434.20	▼	4,149.60
Nikkei 225 Index	13,592.47	▼	8,859.56	▼	7,994.05
Yen/\$ (Dollar Strength)	106.740	▼	90.790	▼	89.830
Euro/\$ (Dollar Strength)	0.674	▲	0.718	▲	0.781
GBP/\$ (Dollar Strength)	0.503	▲	0.684	▲	0.694
Crude Oil per Barrel	\$ 91.75	▼	\$ 44.60	▼	\$ 41.68
Gold (\$/oz Daily Spot)	\$ 923.25	▼	\$ 869.75	▲	\$ 919.50
GS Commodities TR Index	7,464.40	▼	3,995.40	▼	3,638.20

Note: Starting with the October 2008 report, the S&P GSCI Total Return Index values are used in this analysis. In previous reporting periods, Price Return Index values were used.

## CalPERS Asset Allocation – January 31, 2009

---

### Summary

- Total Fund Market Value was \$173.6 Billion
- Total Fund Book Value was \$194.9 Billion
- As of January 31, 2009 the Global Equity asset class was outside their Strategic Target Policy Range. The CalPERS Statement of Investment Policy for Asset Allocation Strategy, Section VI. B anticipates that in times of extreme market volatility, allocations may temporarily fall outside their ranges.

### Book to Market Value Comparison

	Book Value (\$ Billion)	Market Value (\$ Billion)	Difference (Market – Book) (\$ Billion)
Domestic Equity <sup>1</sup>	\$36.7	\$37.0	\$0.3
International Equity	\$49.8	\$31.9	\$-17.9
<b>Global Equity</b>	<b>\$86.4</b>	<b>\$68.9</b>	<b>\$-17.5</b>
Domestic Fixed Income	\$38.7	\$39.0	\$0.3
International Fixed Income	\$4.0	\$4.0	\$0.0
<b>Global Fixed Income</b>	<b>\$42.8</b>	<b>\$43.0</b>	<b>\$0.2</b>
<b>AIM</b>	<b>\$27.4</b>	<b>\$23.9</b>	<b>\$-3.5</b>
<b>Real Estate</b>	<b>\$20.4</b>	<b>\$21.0</b>	<b>\$0.6</b>
<b>Inflation Linked</b>	<b>\$4.7</b>	<b>\$3.5</b>	<b>\$-1.1</b>
<b>Cash Equivalents</b>	<b>\$13.3</b>	<b>\$13.3</b>	<b>\$0.0</b>
<b>Total Fund</b>	<b>\$194.9</b>	<b>\$173.6</b>	<b>\$-21.3</b>

<sup>1</sup> Included is MDP Investment - LM Capital Investment: Total Book Value=**\$211.6 million**, Total Market Value=**\$213.7 million**.

\* Figures for this report are rounded for viewing purposes. Calculations are based on actual values. When summing net amounts on this report, there may be breakage.

### Top Company Exposures

- As a very significant institutional investor, CalPERS has large exposures to the securities of many corporations either through internal or externally managed portfolios. Consistent with board requested information and in support of the Board of Administration's oversight role, a schedule of the top 20 company exposures is prepared for informational purposes and can be found on Page 4.

## CalPERS Total Fund Top 20 Company Exposures

Based on Total Market Values as of 1/31/2009

<u>Company Name</u>	<b>Equity Exposure</b>			<b>Total Equity Market Value</b>	<b>Fixed Income Exposure</b>			<b>Total FI Market Value</b>	<b>Real Estate Exposure (1)</b>	<b>TOTAL Market Value</b>	<b>% of Total Fund(3)</b>
	Internally Managed Active	Externally Managed Passive	Externally Managed Active		Internal	External	Sec. Lending(2)				
EXXON MOBIL CORP	254,977,896	1,986,077,304	391,334,547	2,632,389,747				0		2,632,389,747	1.52%
GENERAL ELECTRIC	82,648,992	608,638,276	105,276,270	796,563,538	482,775,847	22,807,969	390,423,908	896,007,724		1,692,571,262	0.75%
AT&T INC	97,507,264	727,293,511	178,594,268	1,003,395,043	278,343,121	8,998,873		287,341,994		1,290,737,037	0.74%
JPMORGAN CHASE & CO	68,883,173	477,025,330	138,670,590	684,579,093	327,124,919	56,409,061		383,533,980	42,279,000	1,110,392,073	0.64%
JOHNSON + JOHNSON	93,462,531	816,116,200	148,183,919	1,057,762,650				0		1,057,762,650	0.61%
CHEVRONTXACO CORP	105,037,565	731,828,352	215,332,961	1,052,198,878				0		1,052,198,878	0.61%
PROCTER + GAMBLE CO	98,992,274	793,891,581	147,591,123	1,040,474,978				0		1,040,474,978	0.60%
WAL MART STORES INC	99,242,825	583,445,023	186,000,406	868,688,254	158,220,664			158,220,664		1,026,908,918	0.59%
MICROSOFT CORP	87,294,371	699,175,908	162,995,234	949,465,513				0		949,465,513	0.55%
BERKSHIRE HATHAWAY	40,849,522	531,999,888	10,150,644	583,000,054	329,417,736			329,417,736		912,417,790	0.53%
ROYAL DUTCH SHELL	0	647,287,384	257,916,362	905,203,746				0		905,203,746	0.52%
WELLS FARGO & COMPANY	47,061,869	370,929,661	76,560,044	494,551,574	373,651,539	22,497,641		396,149,180		890,700,754	0.51%
VERIZON COMMUNICATION	68,122,478	432,790,313	78,183,709	579,096,500	305,911,129	3,441,282		309,352,411		888,448,911	0.51%
INTERNATIONAL BUSINESS MACHINES	72,599,448	612,514,364	151,967,065	837,080,877	412,871	854,443		1,267,314		838,348,191	0.48%
HOME DEPOT INC.	334,673,300	176,229,509	245,038,087	755,940,896	64,826,914			64,826,914		820,767,810	0.47%
CITIGROUP INC	14,504,491	97,472,883	19,417,080	131,394,454	359,399,723	33,509,152	250,895,563	643,804,438		775,198,892	0.30%
NESTLE SA	0	571,629,405	139,267,266	710,896,671				0		710,896,671	0.41%
ENI	204,711,816	245,317,829	223,783,028	673,812,673				0		673,812,673	0.39%
PFIZER INC.	66,577,908	492,049,922	114,624,198	673,252,028				0		673,252,028	0.39%
BP PLC	0	565,476,126	103,220,040	668,696,166				0		668,696,166	0.39%

(1) Real Estate exposure data only includes the 20 companies with the highest annual lease revenues for each core partnership, excludes properties in escrow. The market value exposures are calculated based only on two years of expected lease revenues.

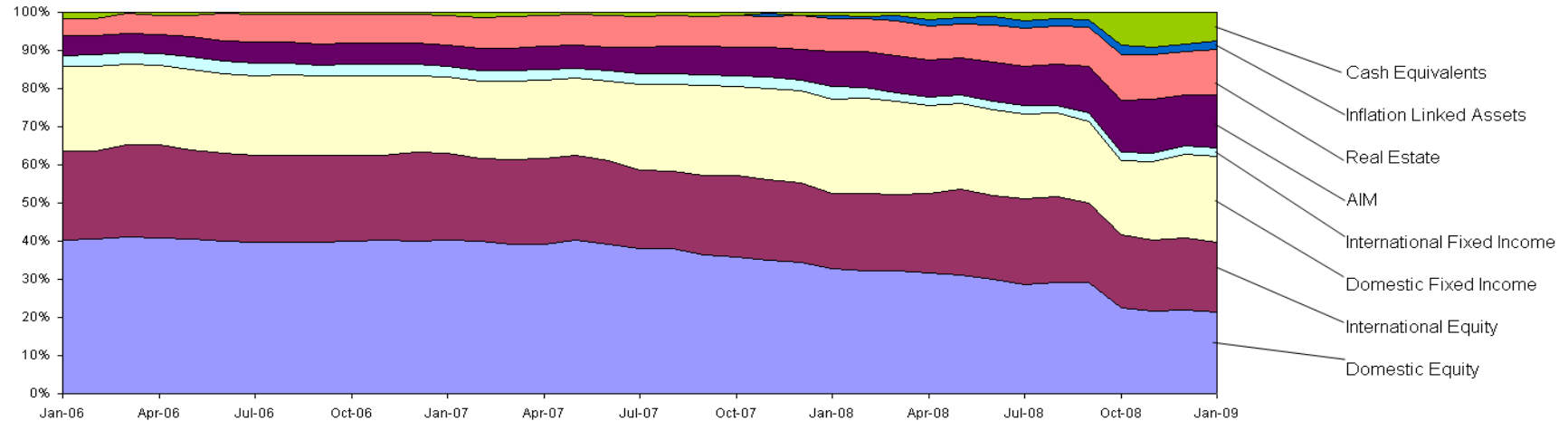
(2) Does not include Repos

(3) Excludes securities lending exposure

# CalPERS

## Asset Allocation as of January 31, 2009

Total Fund Market Value: **\$173,563,642,936**



	Global Equity <sup>3</sup>	Domestic Equity <sup>3</sup>	International Equity <sup>3</sup>	Global Fixed	Domestic Fixed	International Fixed	AIM	Real Estate	Inflation Linked	Cash Equivalents <sup>2</sup>	Total Fund
<b>Strategic Target Range %</b>	<b>41-71%</b>			<b>4-34%</b>			<b>2-18%</b>	<b>5-15%</b>	<b>0-5%</b>	<b>0-10%</b>	
Strategic Target %	56.0%	28.0%	28.0%	19.0%	17.0%	2.0%	10.0%	10.0%	5.0%	0.0%	N/A
Actual Investment %	39.7%	21.3%	18.4%	24.8%	22.4%	2.3%	13.8%	12.1%	2.0%	7.6%	N/A
<b>Variance % (Strategic vs. Actual)</b>	<b>(16.3%)</b>	<b>(6.7%)</b>	<b>(9.6%)</b>	<b>5.8%</b>	<b>5.4%</b>	<b>0.3%</b>	<b>3.8%</b>	<b>2.1%</b>	<b>(3.0%)</b>	<b>7.6%</b>	N/A
Strategic Target \$ <sup>1</sup>	\$97.2	\$48.6	\$48.6	\$33.0	\$29.5	\$3.5	\$17.4	\$17.4	\$8.7	\$0.0	\$173.6
Actual Investment \$ <sup>1</sup>	\$68.9	\$37.0	\$31.9	\$43.0	\$39.0	\$4.0	\$23.9	\$21.0	\$3.5	\$13.3	\$173.6
<b>Variance \$(Strategic vs. Actual)<sup>1</sup></b>	<b>(\$28.3)</b>	<b>(\$11.6)</b>	<b>(\$16.7)</b>	<b>\$10.0</b>	<b>\$9.5</b>	<b>\$0.5</b>	<b>\$6.6</b>	<b>\$3.6</b>	<b>(\$5.1)</b>	<b>\$13.3</b>	N/A
% Passive	61.2%	63.3%	58.7%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	24.3%
% Active	38.8%	36.7%	41.3%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	75.7%
% Internal	69.7%	71.2%	68.0%	89.1%	98.2%	0.0%	0.0%	0.0%	52.0%	100.0%	58.4%
% External	30.3%	28.8%	32.0%	10.9%	1.8%	100.0%	100.0%	100.0%	48.0%	0.0%	41.6%

\* Figures for this report are rounded for viewing purposes. Calculations are based on actual values.

\* When summing amounts on this report, there may be breakage.

\* MDP Venture accounts included in MDP's primary asset class. MDP Fixed and CalPERS Hedge Fund roll to External Domestic Equity.

<sup>1</sup> (\$ Billion)

<sup>2</sup> Approximately \$2.6 Billion notional in Equity Futures were purchased to equitize cash.

<sup>3</sup> Overlay funds are included in equity totals.

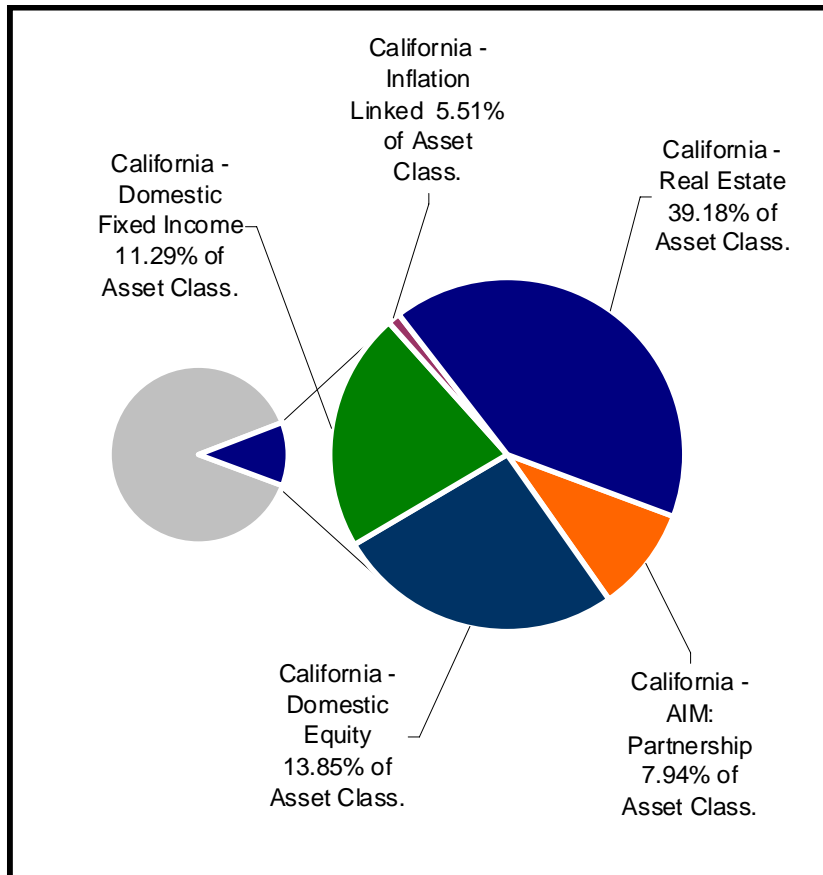
Private Market Commitment as of January 31, 2009											
AIM				Real Estate							
Funded	\$(in Billions)	% Allocation	Target Range	Funded	\$(in Billions)	% Allocation	Target Range				
Fair Market Value (FMV)	\$23.93	13.79%	2-18%	Fair Market Value (FMV)	\$20.96	12.08%	5-15%				
Unfunded Commitment	\$23.80	13.71%		Unfunded Commitment (as of 11/30/08)	\$11.95	6.88%					
<b>Fair Market Value plus Unfunded Commitment</b>	<b>\$47.73</b>	<b>27.50%</b>		<b>Fair Market Value plus Unfunded Commitment</b>	<b>\$32.90</b>	<b>18.96%</b>					
Infrastructure				Forestland							
Funded	\$(in Billions)	% Allocation	Target Range	Funded	\$(in Billions)	% Allocation	Target Range				
Fair Market Value (FMV)	\$ 12	0.07%	0-3%	Fair Market Value (FMV)	\$2.35	1.35%	0-2%				
Unfunded Commitment	\$ 27	0.18%		Unfunded Commitment	\$ 10	0.06%					
<b>Fair Market Value plus Unfunded Commitment</b>	<b>\$ 39</b>	<b>0.23%</b>		<b>Fair Market Value plus Unfunded Commitment</b>	<b>\$2.44</b>	<b>1.41%</b>					

## CalPERS Investments in the State of California – January 31, 2009

The State of California offers CalPERS a number of attractive investment opportunities. The following charts summarize the investments by asset class as of the date of this report. A detailed report on California investments is available in the supplemental reporting document.

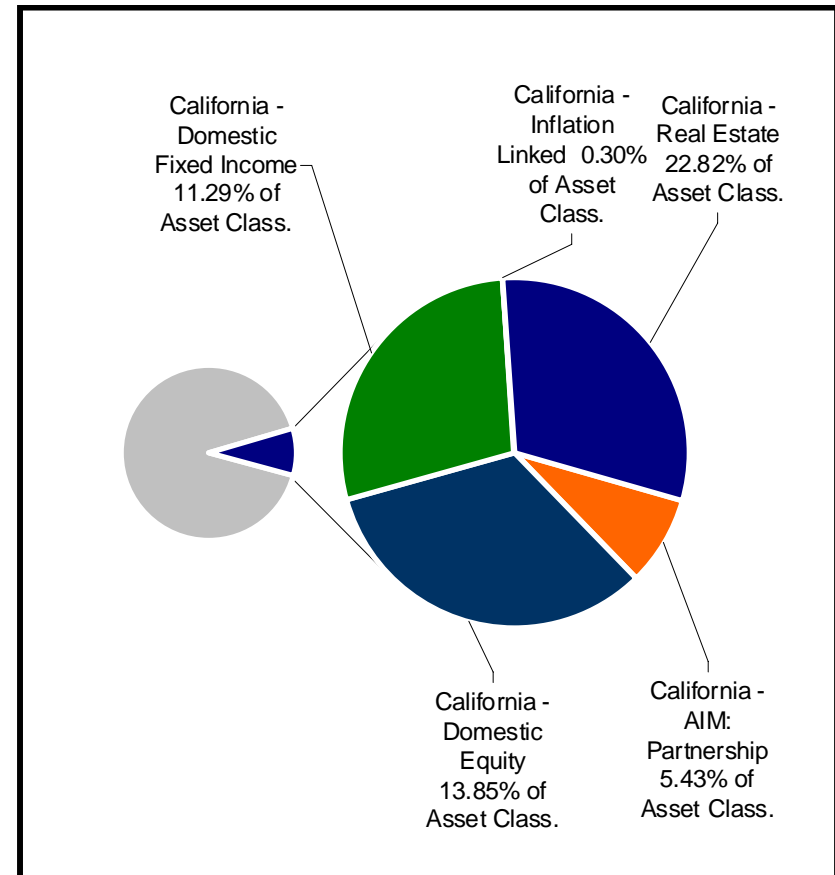
### California Investments plus Additional Commitments

Current California Commitments at 1/31/2009 Total Fund %: 11.42%



### California Investments

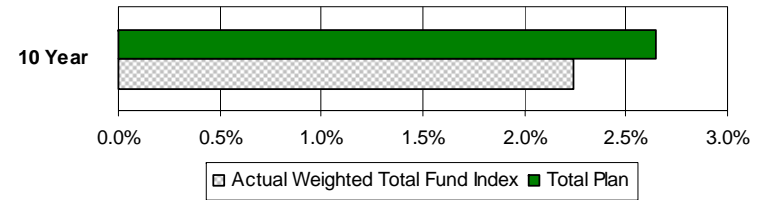
Current California Investments at 1/31/2009 Total Fund %: 9.00%



## Performance Summary – January 31, 2009

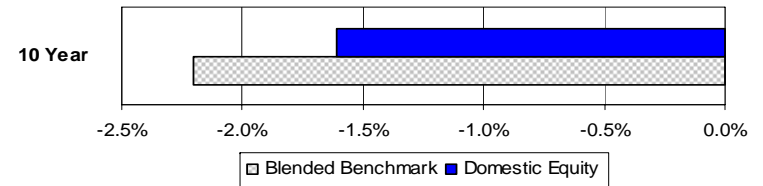
### Total Plan:

Net Total Fund returns have underperformed the Actual Weighted Total Fund Index in all time periods except for the one month and ten-year periods. Ten-year net returns were 2.65% versus 2.24% for the actual weighted index.



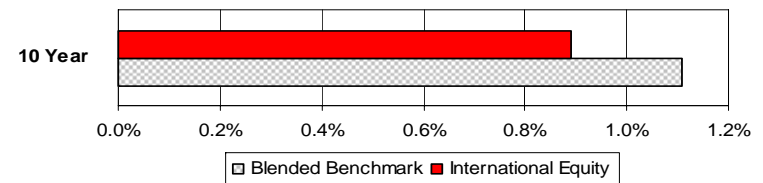
### Domestic Equity:

Net Domestic Equity returns have outperformed in all time periods. Ten-year net returns were -1.61% versus -2.20% for the blended benchmark.



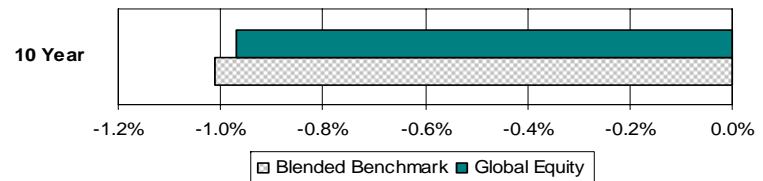
### International Equity:

Net International Equity returns have underperformed the blended index in all time periods. Ten-year net returns were 0.89% versus 1.11% for the blended benchmark.



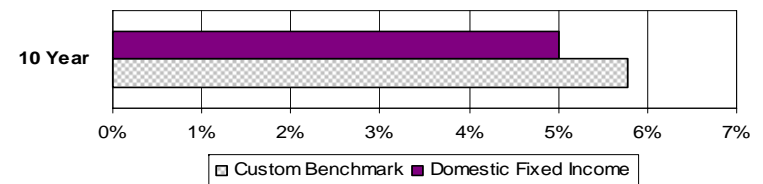
### Global Equity:

Net Total Global Equity underperformed its benchmark in all time periods except for the one month and ten-year periods. Ten-year net returns were -0.97% versus the -1.01% blended benchmark return.



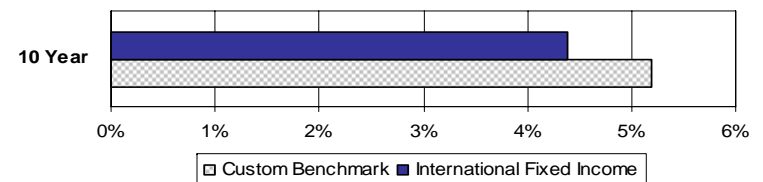
### Domestic Fixed Income:

Net Domestic Fixed Income returns have underperformed the benchmark in all time periods. Ten-year net returns were 5.01% versus 5.77% for the benchmark.



### International Fixed Income:

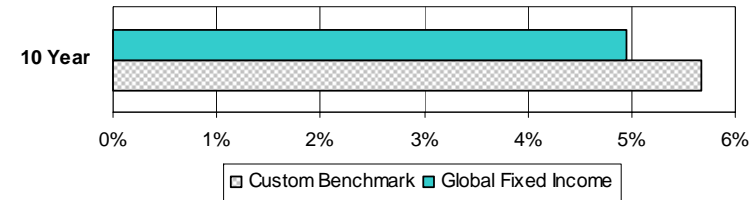
Net International Fixed Income returns have underperformed the benchmark in all time periods except for the one month and one quarter periods. Ten-year net returns were 4.39% versus 5.20% for the benchmark.



## Performance Summary – January 31, 2009

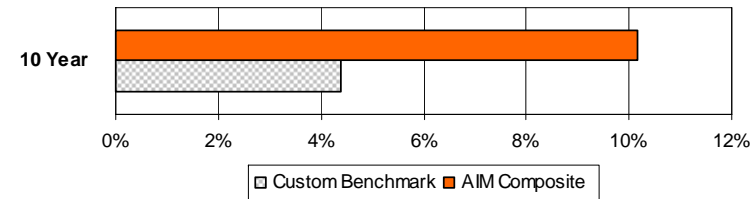
### Global Fixed Income:

Net Global Fixed Income returns have underperformed the benchmark in all time periods. Ten-year net returns were 4.95% versus 5.68% for the benchmark.



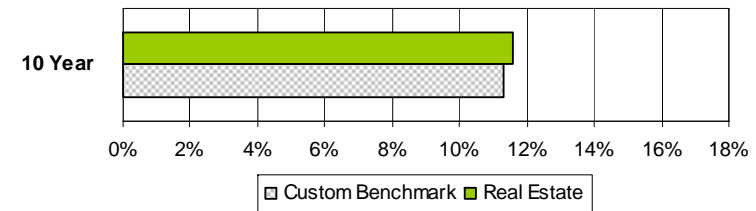
### AIM Composite:

Net returns for the AIM Composite portfolio have underperformed the custom blended benchmark in all periods except for the ten-year period. Ten-year net returns for the AIM Composite were 10.15% exceeding the ten-year custom blended benchmark return of 4.37%.



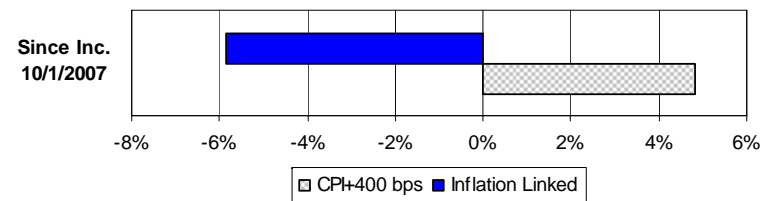
### Real Estate:

Net returns for the Total Real Estate Portfolio have underperformed the benchmark in all periods except for the one month and ten-year periods. Ten-year net returns were 11.59% versus 11.31% for the benchmark.



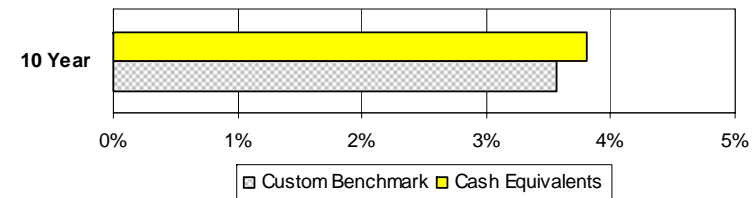
### Inflation Linked:

Net returns for the Inflation Linked portfolio have underperformed the benchmark in all time periods. Since inception net returns were -5.83% versus 4.84% for the benchmark.



### Cash Equivalents:

Net returns for the Cash Equivalents portfolio have outperformed the benchmark in the all time periods except for the one month period. Ten-year net returns were 3.81% versus 3.56% for the custom benchmark.





# CALIFORNIA PUBLIC EMPLOYEES' RETIREMENT SYSTEM

Periods Ending January 31, 2009

## CIO SUMMARY REPORT - GROSS

	% of Plan	MKT VAL \$(000's)	1 MO	QTR	FYTD	1 YR	3 YRS	5 YRS	10 YRS
<b>TOTAL DOMESTIC EQUITY</b>	21.3	36,981,675	-6.76	-12.49	-34.20	-37.25	-11.40	-3.51	-1.57
<i>WILSHIRE 2500 EX TOBACCO (BLENDED)</i>			-8.22	-14.00	-35.53	-38.85	-12.04	-3.94	-2.20
<b>TOTAL INTL EQUITY</b>	17.2	29,906,107	-9.44	-10.11	-46.10	-46.26	-12.73	-0.07	0.95
<i>CALPERS FTSE ALL-WORLD EX US</i>			-9.01	-9.14	-44.61	-44.89	-11.51	0.57	1.11
<b>TOTAL GLOBAL EQUITY</b>	38.5	66,887,782	-7.98	-11.50	-39.74	-41.70	-12.41	-2.67	-0.93
<i>TOTAL GLOBAL EQ EX AIM BENCHMARK</i>			-8.48	-11.18	-38.61	-40.81	-11.77	-2.38	-1.01
<b>TOTAL DOMESTIC FIXED INCOME</b>	22.4	38,964,857	-3.90	3.54	-7.16	-8.90	1.46	2.93	5.02
<i>CALPERS CUSTOM LEH LPF (DAILY)</i>			-2.17	9.81	2.22	1.28	4.70	4.57	5.77
<b>TOTAL INTL FIXED INCOME</b>	2.3	4,006,985	-4.55	6.35	-4.18	-2.54	5.43	4.22	4.47
<i>CALPERS WORLD GOVT X US</i>			-4.58	6.19	-0.77	0.51	6.81	4.84	5.20
<b>TOTAL GLOBAL FIXED INCOME</b>	24.8	42,972,498	-3.96	3.82	-6.87	-8.22	1.89	3.07	4.97
<i>CALPERS TOTAL GBL FIXED INCOME POLICY</i>			-2.36	9.53	2.00	1.25	4.95	4.62	5.68
<b>TOTAL AIM COMPOSITE</b>	13.8	23,930,235	-1.19	-11.55	-15.14	-14.36	9.42	14.43	10.16
<i>WILSHIRE 2500 PLUS 300 BPS EX TOBACCO</i>			-7.97	-13.33	-34.33	-36.93	-9.13	-0.13	2.41
<i>CUSTOM YOUNG FUND</i>			0.69	2.10	4.96	8.80	14.66	15.43	4.37
<b>TOTAL REAL ESTATE</b>	12.1	20,958,129	-0.47	-3.64	-18.05	-17.46	6.80	16.84	14.17
<i>90% NPI+200 BPS/10% FTSE EPRA NAREIT GBL</i>			-1.14	-1.49	-4.18	0.47	11.50	13.18	11.31
<b>TOTAL INFLATION LINKED</b>	2.0	3,546,737	-1.37	-3.79	-24.45	-11.69			
<i>CPI+400 BPS 1 MONTH LAGGED</i>			-0.67	-2.81	-0.58	4.12			
<b>TOTAL CASH EQUIVALENTS</b>	7.7	13,340,379	0.09	0.32	1.15	2.43	4.31	3.61	3.81
<i>PERS CUSTOM STIF NET OF FEES</i>			0.09	0.30	1.12	2.31	4.22	3.46	3.56
<b>TOTAL CASH EQUIV + EQUITIZATION</b>	7.7	13,286,351	-1.79	-2.57	-32.90	-35.25	-12.04	-6.46	-1.36
<b>OVERLAY + ASSET ALLOC TRANSITION</b>	1.1	1,981,911							
<b>TOTAL FUND</b>	100.0	173,563,643	-4.53	-6.38	-26.50	-27.93	-4.79	1.94	2.84
<i>CALPERS POLICY INDEX</i>			-5.48	-5.06	-23.92	-24.94	-3.89	1.96	2.40
<i>ACTUAL WEIGHTED TOTAL FUND INDEX</i>			-5.34	-5.02	-25.28	-26.60	-4.62	1.43	2.24

Equity (SH4KA1, SHAKA1, SWZLA1); Fixed Income (SJDKA1, SJDCA1, SJEKA1)  
 AIM (SJA1M); Real Estate 1 QTR Lagged (SJRKA1); Inflation Linked (SX2CA1)  
 Cash and Overlay (SJVKA1,SJVKE1,SX1LA1); Total Fund (SJ1CA1)

# CALIFORNIA PUBLIC EMPLOYEES' RETIREMENT SYSTEM

Periods Ending January 31, 2009

## CIO SUMMARY REPORT - NET

	% of Plan	MKT VAL \$(000's)	1 MO	QTR	FYTD	1 YR	3 YRS	5 YRS	10 YRS
<b>TOTAL DOMESTIC EQUITY</b>	21.3	36,981,675	-6.77	-12.50	-34.24	-37.29	-11.46	-3.55	-1.61
<i>WILSHIRE 2500 EX TOBACCO (BLENDED)</i>			-8.22	-14.00	-35.53	-38.85	-12.04	-3.94	-2.20
<b>TOTAL INTL EQUITY</b>	17.2	29,906,107	-9.44	-10.12	-46.11	-46.30	-12.79	-0.14	0.89
<i>CALPERS FTSE ALL-WORLD EX US</i>			-9.01	-9.14	-44.61	-44.89	-11.51	0.57	1.11
<b>TOTAL GLOBAL EQUITY</b>	38.5	66,887,782	-7.99	-11.52	-39.76	-41.74	-12.46	-2.72	-0.97
<i>TOTAL GLOBAL EQ EX AIM BENCHMARK</i>			-8.48	-11.18	-38.61	-40.81	-11.77	-2.38	-1.01
<b>TOTAL DOMESTIC FIXED INCOME</b>	22.4	38,964,857	-3.90	3.54	-7.16	-8.90	1.46	2.92	5.01
<i>CALPERS CUSTOM LEH LPF (DAILY)</i>			-2.17	9.81	2.22	1.28	4.70	4.57	5.77
<b>TOTAL INTL FIXED INCOME</b>	2.3	4,006,985	-4.56	6.27	-4.28	-2.66	5.34	4.14	4.39
<i>CALPERS WORLD GOVT X US</i>			-4.58	6.19	-0.77	0.51	6.81	4.84	5.20
<b>TOTAL GLOBAL FIXED INCOME</b>	24.8	42,972,498	-3.96	3.81	-6.88	-8.24	1.88	3.06	4.95
<i>CALPERS TOTAL GBL FIXED INCOME POLICY</i>			-2.36	9.53	2.00	1.25	4.95	4.62	5.68
<b>TOTAL AIM COMPOSITE</b>	13.8	23,930,235	-1.19	-11.55	-15.14	-14.36	9.41	14.42	10.15
<i>WILSHIRE 2500 PLUS 300 BPS EX TOBACCO</i>			-7.97	-13.33	-34.33	-36.93	-9.13	-0.13	2.41
<i>CUSTOM YOUNG FUND</i>			0.69	2.10	4.96	8.80	14.66	15.43	4.37
<b>TOTAL REAL ESTATE</b>	12.1	20,958,129	-0.47	-3.81	-18.44	-18.55	4.13	12.90	11.59
<i>90% NPI+200 BPS/10% FTSE EPRA NAREIT GB</i>			-1.14	-1.49	-4.18	0.47	11.50	13.18	11.31
<b>TOTAL INFLATION LINKED</b>	2.0	3,546,737	-1.37	-3.86	-24.54	-12.26			
<i>CPI+400 BPS 1 MONTH LAGGED</i>			-0.67	-2.81	-0.58	4.12			
<b>TOTAL CASH EQUIVALENTS</b>	7.7	13,340,379	0.09	0.32	1.15	2.43	4.31	3.61	3.81
<i>PERS CUSTOM STIF NET OF FEES</i>			0.09	0.30	1.12	2.31	4.22	3.46	3.56
<b>TOTAL CASH EQUIV + EQUITIZATION</b>	7.7	13,286,351	-1.79	-2.57	-32.90	-35.25	-12.04	-6.46	-1.36
<b>OVERLAY + ASSET ALLOC TRANSITION</b>	1.1	1,981,911							
<b>TOTAL FUND</b>	100.0	173,563,643	-4.53	-6.41	-26.56	-28.05	-5.00	1.67	2.65
<i>CALPERS POLICY INDEX</i>			-5.48	-5.06	-23.92	-24.94	-3.89	1.96	2.40
<i>ACTUAL WEIGHTED TOTAL FUND INDEX</i>			-5.34	-5.02	-25.28	-26.60	-4.62	1.43	2.24

Equity (SH4KA1, SHAKA1, SWZLA1); Fixed Income (SJDKA1, SJDCA1, SJEKA1)

AIM (SJA1M); Real Estate 1 QTR Lagged (SJRKA1); Inflation Linked (SX2CA1)

Cash and Overlay (SJVKA1,SJVKE1,SX1LA1); Total Fund (SJ1CA1)

## Operations/Policy Violations /Activity Reports

---

### Closed Session Transactions

- There were zero (0) closed session transactions reported to the Board in Open Session per the requirements of California Government Code Section 20191.5 and the current CalPERS Board of Administration Statement of Policy & Procedures for Closed Sessions.

### Investment Policy Violations

---

- According to policy requirements, the following is a summary of investment policy violations extracted from the quarterly reports prepared for Investment Committee consideration. Executive Summaries and full reports are available in the Supplemental Reporting Document.

#### Global Equity

Report Containing Violation	Violation Description
No items to report	

#### Fixed Income

Report Containing Violation	Violation Description
Securities Lending Earnings	eSecLending violated the policy during the fourth quarter of the calendar year when five names in the external cash reinvestment portfolio were downgraded. Additionally, eSecLending violated Policy requirements on repurchase counterparty diversification and minimum liquid balances. In both instances, market volatility was the cause of the Policy breach and both violations were cured within the reporting period.

#### Real Estate

Report Containing Violation	Violation Description
No items to report	

#### AIM

Report Containing Violation	Violation Description
No items to report	

#### Inflation Linked Assets

Report Containing Violation	Violation Description
No items to report	

#### Cash Equivalents

Report Containing Violation	Violation Description
No items to report	

#### Supplemental Income Plans

Report Containing Violation	Violation Description
No items to report	

## Operations/Policy Violations /Activity Reports

---

### Items Completed Under Delegated Authority

---

- According to policy requirements, the following is a summary of items completed under delegated authority extracted from the reports prepared for Investment Committee consideration. Full reports are available in the Supplemental Reporting Document.

#### AIM

Report Containing Violation	Violation Description
No items to report	

#### Real Estate

Report Containing Violation	Violation Description
No items to report	

#### Inflation Linked Assets

Report Containing Violation	Violation Description
No items to report	

#### Corporate Governance

Report Containing Violation	Violation Description
No items to report	

### Activity Reports

---

- Staff prepares activity reports for the AIM, Real Estate, Risk Managed Absolute Return Strategies, Corporate Governance and Inflation Linked Asset Class Programs. Detailed reports and investment summaries for these programs are included in the supplemental reporting document.

#### AIM Activity Report

Activity	Month	2006	2007	2008	2009 YTD	Since Inception
Investment Proposals Entered	23	300	441	359	23	7,601
Declined/Referred/Failed to Materialize	27	268	387	341	27	6,268
Deals in Screening	29	300	441	359	23	4,631
Due Diligence Reviews	3	61	76	31	0	794

#### Real Estate Investments Activity Report

Activity	Month	2006	2007	2008	2009 YTD	Since Inception *
Investment Proposals Entered	1	N/A	N/A	138	1	139
Declined/Referred/Failed to Materialize	0	N/A	N/A	120	0	120
Deals in Screening	15	N/A	N/A	24	15	25
Due Diligence Reviews	0	N/A	N/A	3	0	3
* As of January 2, 2008						

## Operations/Policy Violations /Activity Reports

### Activity Reports (cont.):

#### Risk Managed Absolute Return Strategies Program Activity Report

Activity	Month	2006	2007	2008	2009 YTD	Since Inception
Investment Proposals Entered	7	69	90	118	7	841
Declined/Referred/Failed to Materialize	0	1	0	0	0	243
Deals in Screening	7	68	90	118	7	586
Due Diligence Reviews	7	68	90	118	7	586
Allocations Approved by RMARS Board	0	52	66	31	0	206
New ARD Funds Approved by RMARS Board	0	9	8	3	0	44
Funded Investments (\$ Millions)	\$0	\$1,809	\$2,499	\$1,069	\$0	\$6,889

#### Corporate Governance Activity Report

Activity	Month	2006	2007	2008	2009 YTD*	Since Inception *
Investment Proposals Entered	0	N/A	N/A	7	0	7
Declined/Referred/Failed to Materialize	2	N/A	N/A	6	2	8
Deals in Screening	N/A	N/A	N/A	N/A	N/A	N/A
Due Diligence Reviews	10	N/A	N/A	21	2	23
* As of April 1, 2008						

#### Inflation Linked Asset Class Activity Report - Infrastructure

Activity	Month	2006	2007	2008	2009 YTD	Since Inception
Investment Proposals Entered	4	N/A	12	56	4	72
Declined/Referred/Failed to Materialize	0	N/A	N/A	11	0	11
Deals in Screening	61	N/A	N/A	0	61	61
Due Diligence Reviews	0	N/A	N/A	0	0	0

#### Inflation Linked Asset Class Activity Report - Forestland

Activity	Month	2006	2007	2008	2009 YTD	Since Inception
Investment Proposals Entered	1	N/A	N/A	9	1	10
Declined/Referred/Failed to Materialize	0	N/A	N/A	7	0	7
Deals in Screening	0	N/A	N/A	4	0	4
Due Diligence Reviews	0	N/A	N/A	1	0	1

## Quarterly Reports

---

According to policy requirements, the following is summary information extracted from the quarterly reports prepared for Investment Committee consideration. Executive Summaries and full reports are available in the Supplemental Reporting Document.

### Securities Lending Earnings:

Earnings for the quarter ended December 31, 2008, are presented to the Investment Committee for information.

	Average Lendable Assets (\$000)	Average % on Loan	Earnings (Annualized)	Income to CalPERS (\$000)
<b>Asset Class Earnings</b>				
Global Equities	\$56,284,600	28%	36 bp	\$49,970
Global Fixed Income	\$30,965,060	60%	53 bp	\$39,697
<b>Totals</b>	\$ 87,249,660			\$89,668
<b>Unrealized loss on internal collateral reinvestment</b>				(\$1,071,722) *
<b>Total Program Earnings including unrealized loss</b>				(\$982,054)

\*Unrealized losses resulted from CalPERS use of mark-to-market accounting on the valuation of the internal cash pool, which is not market convention on collateral reinvestment pools.

## Quarterly Reports

---

### Supplemental Income Plans:

CalPERS 457 Plan - During the 4<sup>th</sup> quarter ending December 31, 2008, the CalPERS 457 Plan experienced a \$71.6 million or 10.5% net decrease in assets for a total of \$608.2 million. During the same quarter, participant enrollment increased from 27,827 to 28,237 for a net increase of 410 participants; and, an increase of 13 new agency adoptions for a total of 678 contracting agencies.

State Peace Officers' and Firefighters' Defined Contribution Plan (POFF) -

For the 4<sup>th</sup> quarter ending December 31, 2008 the POFF Plan assets decreased 12.6% from \$337.5 million to \$295.0 million. The number of participants increased by 58 for a total of 41,108.

Supplemental Contributions Plan (SCP) - The SCP assets decreased 14.9% from \$19.2 million to \$16.3 million during 4<sup>th</sup> quarter ending December 31, 2008. The number of participants decreased by 3 for a total of 724.

## Quarterly Reports

---

### Member Home Loan Program:

#### Portfolio Activity

- For the quarter ended December 31, 2008, the CalPERS Member Home Loan Program purchased approximately \$417.9 million of FNMA and GNMA securities. This represents a \$159.3 million increase in these mortgage-backed securities purchased from the previous quarter total of \$258.6 million.
- During the same period, the CalPERS Member Home Loan Program also purchased \$69.5 million of whole (jumbo) loans. This represents a \$25.9 million increase of whole loans purchased from the previous quarter total of \$43.6 million.
- For the 12 month period ending December 31, 2008, the Member Home Loan Program purchased approximately 4,467 real estate loans totaling \$1.2 billion.



## Investment Transactions

---

Investment Transactions are reported to the Investment Committee for review under the requirements of California Government Code Section 20191. Information is provided in summary format in this consolidated document. Full reporting is available in the supplemental reporting document.

### **Portfolio Summary and Transactions Report:**

- December 2008 Purchases, Sales, Currency Hedge Portfolio Summary & Transactions (Pages 19-21)
- January 2009 Purchases, Sales, Currency Hedge Portfolio Summary & Transactions (Pages 22-24)

### **Investment Transaction Information:** [\(full reporting is available in the supplemental reporting document\)](#)

- Domestic Fixed Income Transactions
- International Fixed Income Transactions
- Domestic Equity Transactions
- International Equity Transactions
- Real Estate Investment Trust (REIT) Transactions
- AIM Program Transactions
  - Summary Listing of Capital Calls and Aggregate Distributions
- AIM Program Items Completed Under Delegation of Authority
  - Investment Summaries
    - No items to report
- Real Estate Equity Transactions
  - Summary Listing of Investments and Redemptions
- Real Estate Opportunistic Investments
  - Investment Summaries
    - No items to report
- Real Estate Program Items Completed Under Delegation of Authority
  - Investment Summaries
    - No Items to Report
- Risk Managed Absolute Return Strategies Program Transactions
  - Summary Listing of Investments and Redemptions
- Risk Managed Absolute Return Strategies Program Items Completed Under Delegation of Authority
  - Investment Summaries
    - No Items to Report
- Inflation Linked Assets Transactions
  - Summary Listing of Investments and Redemptions
- Inflation Linked Assets Items Completed Under Delegation of Authority
  - Investment Summaries
    - No Items to Report
- Corporate Governance Program Items Completed Under Delegation of Authority
  - Investment Summaries
    - No Items to Report

## Investment Transactions

---

### **Investment Transaction Information (continued):** [\(full reporting is available in the supplemental reporting document\)](#)

- Internally Managed Derivative Transactions Summary
  - Investment Summaries
    - Futures purchases: \$8,047.2 million notional
    - Futures sales: \$8,239.9 million notional

## Portfolio Summary and Transactions

---

### INVESTMENT TRANSACTIONS SUMMARY

(\$ Millions)

December 2008

#### PURCHASES

	<u>COST</u>	<u>%OF PURCHASES</u>
<b><u>EQUITIES:</u></b>		
Domestic	\$1,054.3	13.08%
International	<u>\$1,359.7</u>	<u>16.87%</u>
Total	\$2,414.0	29.94%
<b><u>FIXED INCOME:</u></b>		
Domestic	\$3,644.4	45.20%
International	<u>\$1,055.1</u>	<u>13.09%</u>
Total	\$4,699.5	58.29%
<b><u>ALTERNATIVE INVESTMENTS:</u></b>		
Partnership Component	\$814.8	10.11%
<b><u>REAL ESTATE:</u></b>		
Real Estate Equity	\$20.0	0.25%
<b><u>INFLATION LINKED ASSETS:</u></b>		
Inflation Linked	\$113.6	1.41%
<b>TOTAL PURCHASES:</b>	<u><u>\$8,062.0</u></u>	<u><u>100%</u></u>

## Portfolio Summary and Transactions

---

### INVESTMENT TRANSACTIONS SUMMARY

(\$ Millions)

December 2008

#### SALES

	<u>COST</u>	<u>PROCEEDS</u>	<u>GAIN/ LOSS</u>
<b><u>EQUITIES:</u></b>			
Domestic	\$1,341.8	\$995.6	(\$346.2)
International	<u>\$1,731.9</u>	<u>\$1,181.4</u>	<u>(\$550.5)</u>
Total	\$3,073.7	\$2,177.0	(896.7)
<b><u>FIXED INCOME:</u></b>			
Domestic	\$3,663.4	\$3,629.6	(\$33.8)
International	<u>\$981.0</u>	<u>\$998.4</u>	<u>\$17.4</u>
Total	\$4,644.4	\$4,628.0	(\$16.4)
<b><u>ALTERNATIVE INVESTMENTS:</u></b>			
Partnership Component	\$5.0	\$5.0	\$0.0
<b><u>REAL ESTATE:</u></b>			
Real Estate Equity	\$49.6	\$13.0	(\$36.6)
<b><u>INFLATION LINKED ASSETS:</u></b>			
Inflation Linked	\$319.9	\$320.0	\$0.1
<b>TOTAL SALES:</b>	<u><u>\$8,092.6</u></u>	<u><u>\$7,143.0</u></u>	<u><u>(\$949.7)</u></u>

## Portfolio Summary and Transactions

---

### CURRENCY HEDGE PORTFOLIO SUMMARY

(\$ Millions)

December 2008

<u>PENDING FX CONTRACTS</u>	<u>COST</u>	<u>MARKET VALUE</u>
Total FX Purchased	\$3,436.9	\$3,534.3
Total FX Sold	\$8,303.9	\$8,607.5
<u>CURRENCY OPTIONS</u>		
Currency Puts	(\$60.9)	(\$60.9)

"For FX purchased, a market value higher than book value means the contracts have an unrealized gain as of the valuation date. For FX sold, a market value lower than book value means the contracts have an unrealized gain as of the valuation date."

### CURRENCY HEDGE TRANSACTION SUMMARY

(\$ Millions)

December 2008

<u>PURCHASES</u>	<u>COST</u>
Pending FX Contracts	\$2,708.8
<u>SALES</u>	<u>PROCEEDS</u>
Pending FX Contracts	\$2,291.9

## Portfolio Summary and Transactions

---

### INVESTMENT TRANSACTIONS SUMMARY

(\$ Millions)  
January 2009

#### PURCHASES

	<u>COST</u>	<u>%OF PURCHASES</u>
<b><u>EQUITIES:</u></b>		
Domestic	\$1,320.1	15.36%
International	<u>\$1,466.9</u>	<u>17.07%</u>
Total	\$2,787.0	32.43%
<b><u>FIXED INCOME:</u></b>		
Domestic	\$4,338.2	50.49%
International	<u>\$1,060.7</u>	<u>12.34%</u>
Total	\$5,398.9	62.83%
<b><u>ALTERNATIVE INVESTMENTS:</u></b>		
Partnership Component	\$288.6	3.36%
<b><u>REAL ESTATE:</u></b>		
Real Estate Equity	\$10.2	0.12%
<b><u>INFLATION LINKED ASSETS:</u></b>		
Inflation Linked	\$108.3	1.26%
<b>TOTAL PURCHASES:</b>	<u><u>\$8,593.0</u></u>	<u><u>100%</u></u>

## Portfolio Summary and Transactions

---

### INVESTMENT TRANSACTIONS SUMMARY

(\$ Millions)

January 2009

#### SALES

	<u>COST</u>	<u>PROCEEDS</u>	<u>GAIN/ LOSS</u>
<b><u>EQUITIES:</u></b>			
Domestic	\$2,146.0	\$1,748.5	(\$397.5)
International	<u>\$2,175.0</u>	<u>\$1,563.0</u>	<u>(\$612.0)</u>
Total	\$4,321.0	\$3,311.5	(1,009.5)
<b><u>FIXED INCOME:</u></b>			
Domestic	\$4,374.8	\$4,397.8	\$23.0
International	<u>\$1,168.5</u>	<u>\$1,189.3</u>	<u>\$20.8</u>
Total	\$5,543.3	\$5,587.1	\$43.8
<b><u>ALTERNATIVE INVESTMENTS:</u></b>			
Partnership Component	\$0.5	\$0.5	\$0.0
<b><u>REAL ESTATE:</u></b>			
Real Estate Equity	\$7.0	\$4.6	(\$2.4)
<b><u>INFLATION LINKED ASSETS:</u></b>			
Inflation Linked	\$139.9	\$131.3	(\$8.6)
<b>TOTAL SALES:</b>	<u><u>\$10,011.7</u></u>	<u><u>\$9,035.0</u></u>	<u><u>(\$976.7)</u></u>

## Portfolio Summary and Transactions

---

### CURRENCY HEDGE PORTFOLIO SUMMARY

(\$ Millions)

January 2009

<u>PENDING FX CONTRACTS</u>	<u>COST</u>	<u>MARKET VALUE</u>
Total FX Purchased	\$5,519.0	\$5,444.2
Total FX Sold	\$10,464.8	\$10,402.0

### CURRENCY OPTIONS

Currency Puts	\$2.7	\$2.7
---------------	-------	-------

"For FX purchased, a market value higher than book value means the contracts have an unrealized gain as of the valuation date. For FX sold, a market value lower than book value means the contracts have an unrealized gain as of the valuation date."

### CURRENCY HEDGE TRANSACTION SUMMARY

(\$ Millions)

January 2009

<u>PURCHASES</u>	<u>COST</u>
Pending FX Contracts	\$2,745.0
<u>SALES</u>	<u>PROCEEDS</u>
Pending FX Contracts	\$2,823.0



## Affiliate Funds Reports

State Street Bank has compiled the following Affiliate Funds Performance Reports for the periods ending October 31, 2008. [\(full reporting is available in the supplemental reporting document\)](#)

### CALIFORNIA PUBLIC EMPLOYEES' RETIREMENT SYSTEM

Periods Ending January 31, 2009

Affiliate Funds Monthly Performance Summary - Plan Comparison

RATES OF RETURN - Gross

	MKT VAL \$(000)	Month	QTR	FYTD	CYTD	1 YR	3 YRS	5 YRS	10 YRS
<b>ANNUITANTS HEALTH CARE COVERAGE FUND</b>	539,360	-8.06	-9.67	-32.33	-8.06	-33.98			
<i>ANNUITANTS POLICY BENCHMARK(MONTHLY)</i>		-7.60	-8.43	-31.52	-7.60	-33.42			
<b>CALPERS HEALTH CARE BOND FUND</b>	373,224	-0.42	4.91	-0.33	-0.42	-1.49			
<i>BC AGGREGATE (DAILY)</i>		-0.88	6.16	3.15	-0.88	2.59			
<b>JUDGE'S RETIREMENT FUND</b>	2,717	0.18	0.30	1.12	0.18	2.31	4.21	3.46	3.59
<i>91 DAY TREASURY BILL ( DAILY)</i>		-0.01	0.10	0.84	-0.01	1.54	3.85	3.23	3.42
<b>JUDGES II FUND</b>	253,337	-7.82	-7.35	-28.16	-7.82	-30.14	-7.22	-0.90	0.91
<i>CAL JUDGES II POLICY INDEX (DAILY)</i>		-7.40	-6.18	-26.26	-7.40	-28.32	-6.40	-0.43	1.29
<b>LEGISLATOR'S RETIREMENT FUND</b>	104,835	-5.07	-1.48	-18.56	-5.07	-20.57	-3.13	0.57	2.56
<i>CAL LRS POLICY INDEX (DAILY)</i>		-4.42	0.08	-15.91	-4.42	-17.78	-2.09	1.59	3.29
<b>LONG TERM CARE FUND</b>	1,812,860	-5.74	-4.88	-25.55	-5.74	-27.25	-5.86	-0.35	1.09
<i>CAL LTC POLICY INDEX (DAILY)</i>		-5.04	-3.71	-24.03	-5.04	-25.66	-5.26	-0.03	1.43
<b>CONTINGENCY RESERVE FUND</b>	6,062	0.18	0.30	1.12	0.18	2.31	4.22	3.47	3.59
<i>91 DAY TREASURY BILL ( DAILY)</i>		-0.01	0.10	0.84	-0.01	1.54	3.85	3.23	3.42
<b>SUPPLEMENTAL CONTRIBUTION FUND</b>	12,908	-7.07	-7.55	-28.39	-7.07	-31.17	-7.51	-1.07	
<i>SUPPLEMENTAL POLICY BENCHMARK</i>		-6.94	-6.85	-27.65	-6.94	-30.26	-7.26	-1.14	

## Affiliate Funds Reports

### CALIFORNIA PUBLIC EMPLOYEES' RETIREMENT SYSTEM

Periods Ending January 31, 2009

Affiliate Funds Monthly Performance Summary - Plan Comparison

RATES OF RETURN - Net

	MKT VAL \$(000)	Month	QTR	FYTD	CYTD	1 YR	3 YRS	5 YRS	10 YRS
<b>ANNUITANTS HEALTH CARE COVERAGE FUND</b>	539,360	-8.06	-9.67	-32.33	-8.06	-33.98			
<i>ANNUITANTS POLICY BENCHMARK(MONTHLY)</i>		-7.60	-8.43	-31.52	-7.60	-33.42			
<b>CALPERS HEALTH CARE BOND FUND</b>	373,224	-0.42	4.91	-0.33	-0.42	-1.49			
<i>BC AGGREGATE (DAILY)</i>		-0.88	6.16	3.15	-0.88	2.59			
<b>JUDGE'S RETIREMENT FUND</b>	2,717	0.18	0.30	1.12	0.18	2.31	4.21	3.46	3.59
<i>91 DAY TREASURY BILL ( DAILY)</i>		-0.01	0.10	0.84	-0.01	1.54	3.85	3.23	3.42
<b>JUDGES II FUND</b>	253,337	-7.82	-7.35	-28.16	-7.82	-30.14	-7.22	-0.90	0.91
<i>CAL JUDGES II POLICY INDEX (DAILY)</i>		-7.40	-6.18	-26.26	-7.40	-28.32	-6.40	-0.43	1.29
<b>LEGISLATOR'S RETIREMENT FUND</b>	104,835	-5.07	-1.48	-18.56	-5.07	-20.57	-3.13	0.57	2.56
<i>CAL LRS POLICY INDEX (DAILY)</i>		-4.42	0.08	-15.91	-4.42	-17.78	-2.09	1.59	3.29
<b>LONG TERM CARE FUND</b>	1,812,860	-5.74	-4.88	-25.55	-5.74	-27.25	-5.86	-0.35	1.09
<i>CAL LTC POLICY INDEX (DAILY)</i>		-5.04	-3.71	-24.03	-5.04	-25.66	-5.26	-0.03	1.43
<b>CONTINGENCY RESERVE FUND</b>	6,062	0.18	0.30	1.12	0.18	2.31	4.22	3.47	3.59
<i>91 DAY TREASURY BILL ( DAILY)</i>		-0.01	0.10	0.84	-0.01	1.54	3.85	3.23	3.42
<b>SUPPLEMENTAL CONTRIBUTION FUND</b>	12,908	-7.11	-7.68	-28.55	-7.11	-31.47	-7.85	-1.43	
<i>SUPPLEMENTAL POLICY BENCHMARK</i>		-6.94	-6.85	-27.65	-6.94	-30.26	-7.26	-1.14	